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INTERNATIONAL ECONOMIC RELATIONS

No. 22



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USSR WORLD TRADE

INTERNATIONAL INVESTMENT BANK MEETING IN MOSCOW

Moscow DEN'GI I KREDIT in Russian No 8, Aug 81 pp 79-80

[Text] A festive meeting devoted to the 10th anniversary of International Investment Bank activity was held in Moscow. Attending the meeting were members of the MIB [International Investment Bank] Council, bank leaders and representatives of planning, financial and foreign trade organizations of the socialist countries, as well as representatives of banking and business circles of the capitalist and developing countries, and leaders of the Council of Economic Mutual Assistance Secretariat and the International Bank for Economic Cooperation.

The festive meeting was opened by USSR State Bank Board Chairman V. S. Alkhimov, who said the CPSU and other fraternal communist and worker parties are paying unremitting attention to developing and deepening the economic cooperation of socialist countries. One important tool for this cooperation is the International Investment Bank, which was created for the purposes of concentrating financial resources to make joint large-scale capital investments in the interests of CEMA member-nations.

Over the past 10 years, the bank has worked productively to finance 76 projects in all MIB member-nations and Yugoslavia, at an estimated cost of upwards of nine billion transfer rubles. The bank has granted loans for developing important branches of industry which determine scientific and technical progress in countries of the socialist community. Special note should be made of the bank's financing construction of the Soyuz gas pipeline.

MIB Board Chairman A. N. Belichenko noted in his report that 10 socialist states of Europe, Asia and America are bank members. He described MIB activity for the past 10 years, emphasizing that the bank has successfully offered medium- and long-term financing for measures connected with the international socialist division of labor, developing production specialization and cooperation, and broadening the raw material and fuel base in the joint interests of CEMA member-nations. Construction, expansion and renovation of 47 production projects was completed with the help of MIB credit. The total value of the output being produced by these facilities is two billion transfer rubles per year.

The successes achieved by the bank have been a result of fruitful, effective cooperation with the national and foreign trade banks of CEMA member-nations. The MIB has also developed mutually advantageous ties with banks of the developing countries and maintains extensive correspondent relations with more than 300 banks in capitalist countries.

Deputy Secretary S. A. Velkov greeted the bank collective in the name of the CEMA Secretariat leadership. He noted that the MIB, as a reliable partner of the Council for Economic Mutual Assistance, is contributing greatly to carrying out the Comprehensive Program of socialist integration.

Ten years of MIB work have fully confirmed the timeliness of the decision by CEMA member-nation communist parties and governments to charter the socialist countries' investment bank, declared Czechoslovak State Bank Chairman S. Potach, speaking at the meeting in the name of member-nation delegations in the bank Council. The bank has a good reputation in the banking world and enjoys prestige in bank member-nations. Yugoslavian Union First Deputy Secretary for Finance B. Radunovich, noting the successful development of cooperation between the Yugoslav government and the MIB, wished the bank continued success.

Mozambique National Bank Minister-President S. Vieyra dealt, in particular, with relations of cooperation between the socialist and developing countries and their construction in MIB activity in his welcoming speech.

Also speaking at the meeting was Austrian Kreditanstalt Bankverein Bank board member R. Schneider. As a representative of a bank which participated in financing the Soyuz gas pipeline, Mr. Schneider stressed that the MIB has shown itself to be a skilled partner, a major financial and credit institution which grants economically justified loans and ensures their prompt repayment. The International Investment Bank has been active in the international currency market, the speaker remarked, expressing his conviction that the bank's activity in the years ahead will help broaden international banking cooperation.

The MIB and MBS [not further identified] are oriented towards helping deepen and perfect economic cooperation in every way possible, towards developing the socialist economic integration of CEMA countries, said International Economic Cooperation Bank board chairman K. I. Nazarkin. He noted that the International Investment Bank has financed projects in all 10 member-nations. The high commercial activeness of the bank has helped it win a good business reputation.

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USSR WORLD TRADE

FOREIGN TRADE BANK SHAREHOLDERS MEETING

Moscow DEN'GI I KREDIT in Russian No 8, Aug 81 p 80

[Text] A general meeting of shareholders of the USSR Foreign Trade Bank was held to review bank activity.

In accordance with the USSR Foreign Trade Bank Charter, the meeting approved the 1980 annual report, the 1 January 1981 balance and 1980 bank profit distribution and approved the auditing commission report.

The shareholders meeting noted that the USSR Foreign Trade Bank has actively helped successfully carry out the assignments of the 10th Five-Year Plan this past year and that all its current activity is oriented towards actualizing the resolutions of the 26th CPSU Congress and other party and government resolutions on developing foreign economic ties. Given further growth in and strengthening of trade, economic, cultural and other relations between the Soviet Union and foreign states, the credit, foreign exchange and accounting operations of the USSR Foreign Trade Bank will continue to develop. USSR Foreign Trade Bank commercial relations with foreign banks will continue to develop. The USSR Foreign Trade Bank maintains balances with 1,742 foreign banks in more than 100 countries. Last year, the USSR Foreign Trade Bank carried out a complex of measures on foreign exchange services for the successful 1980 Summer Olympic Games in Moscow.

As of 1 January 1981, the USSR Foreign Trade Bank balance was 40.5 billion rubles, that is, 8.9 percent more than in 1980 and 82.4 percent more during the 10th Five-Year Plan. The amount of credit issued by the bank to develop foreign trade operations and USSR Foreign Trade Bank profit also increased during that same period.

Bank shareholder and reserve capital was 1,107,700,000 rubles as of 1 January 1981.

A USSR Foreign Trade Bank Council meeting was also held to review, among other questions involving bank activity, prospects for developing its operations.

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USSR WORLD TRADE

FOREIGN TRADE RELATIONS CONTINUE TO GROW

Moscow FOREIGN TRADE in English No 10, Oct 81 pp 5-9

[Article by Nikolai Tretyukhin, Deputy Chief, Main Planning and Economic Department, USSR Ministry of Foreign Trade]

[Text]

Successfully completing the Tenth Five-Year Plan Period, the Soviet people have embarked on a new vast programme of economic and social development of their country for 1981-1985 and the period ending in 1990 approved by the 26th Congress of the Communist Party of the Soviet Union. As in the previous five-year plans much significance is attached in the present one to foreign economic relations for fulfilling the objectives laid down by the Congress. The Congress emphasized that the development of foreign economic relations was a major state activity and that extensive international economic cooperation continued to be the invariable policy of the Soviet Union seeking peace, detente and mutual understanding between nations. This Policy of the Soviet Union seeking peace, detente use of the benefits of the international division of labour to economize on labour and material resources, accelerate scientific and technical progress, gain time and raise the welfare of the people.

The USSR foreign economic relations are continually in the process of growth and renewal. The process was particularly rapid in the past decade due to the greater cohesion of the socialist community, their impressive economic progress and the good headway in international detente. Important structural and qualitative changes in economic relations between countries resulted from fulfilling the decisions of the 24th and 25th Party Congresses and the last two five-year plans. Expanded and improved foreign commerce was accompanied by new, large-scale and long-term forms of cooperation. The major form of cooperation with the CMEA nations is through socialist economic integration which involves coordinated planning, greater specialized and cooperated manufacture, and joint, large-scale ventures. Cooperation with the leading capitalist countries involves the construction of large industrial enterprises, including those under compensation

arrangements. The geography of Soviet foreign economic relations has spread to nearly 140 countries. The volume of foreign trade in the past decade more than quadrupled to reach 94,100 million rubles (1980).

Soviet Foreign Trade Turnover

('000 mln rubles)

	1970	1975	1980	1980 as percentage of 1970	1980 as percentage of 1975
Turnover	22.1	50.7	94.1	425.8	185.6
Exports	11.5	24.0	49.6	431.3	206.5
Imports	10.6	26.7	44.5	419.8	166.7

In absolute terms the increase in trade turnover as against 1970 was 72,000 million rubles which is quite impressive even if account is taken of the influence caused by considerable rise in world prices. The figure is more than three times higher than the Soviet Union's total trade turnover in the early seventies.

The past decade was distinguished for a much more intensive use of foreign economic cooperation to help develop the key industries and new progressive lines of production. Almost 100,000 million rubles' worth of various industrial equipment, including complete sets of equipment and production lines, transport facilities, construction and farm machines, instruments and tools was imported in 1971-1980 to meet the challenge. Some two-thirds of these products were purchased from the socialist countries. Imports of primaries, semi-manufactures and materials in short supply, required for production and construction, were also significant.

Imported machinery was used in the seventies

to considerably enlarge productive capacities in the steel and non-ferrous metals, motor, chemical, petrochemical, pulp-and-paper, oil, gas and other industries. All transport fleets were substantially extended. Imported large-diameter pipes and other required equipment and materials accelerated the fulfilment of the vast programme of construction of gas and oil pipelines, including those used for export purposes.

In the past two five-year plan periods foreign commerce made a much larger contribution than ever before to the achievement of the main objective of our economic policies—a higher living and cultural standard of the population. The considerable part of the imported machines and equipment, raw materials and preparations was intended for the light and other consumer goods industries, and agriculture. The worth of imported manufactures, foodstuffs and raw materials for their manufacture approximated that of imported machinery and equipment. Imports of knitted goods and garments, footwear, cottons and other textiles, furniture, dishware, fresh fruit and vegetables, canned fruit and vegetables, coffee, tea, tobacco and cigarettes, wines, medicines, etc. came as supplements to retail trade stocks and to widen their assortment. In poor crop years, products in short supply like grain, meat and sugar, were also imported to fill the gap.

The decisions of the 26th CPSU Congress oblige even more important work to be carried out in the next decade to obtain a more rational use of the international division of labour, speed-up scientific and technical progress and to satisfy the needs of the national economy for progressive equipment and the latest production processes, raw and other materials, as well as the population's demand for consumer goods. The specific volumes of this work will be pinpointed in the two forthcoming five-year plans.

These volumes in the 11th Five-Year Plan Period can be judged examining the Guidelines of the 26th Party Congress on further considerable extension of social production and further introduction of economic reforms. Specifically, it is planned to increase the output in the next five years as follows: industrial production, 26-28 per cent (the rates of consumer goods production exceeding those of capital goods); rates of technical modernisation (re-tooling), 1.5 times; and capital investments, 12-15 per cent. Further progress is planned in all sectors of the national economy. The building up of new productive capacities will be accompanied by a more

intensive rate of economic development. Transition to this rate which will be the major factor of economic growth will be completed in the eighties. All-round economy of material, labour and financial resources in all spheres will also be a distinguishing feature of the forthcoming period.

Optimal proportions in the use of imported resources will have to be fixed in the country's material balances as such development changes the pattern and contents of our foreign trade. Its underlying principle should be maximum economic benefits for the country, i.e. austere economy of export resources should be exercised, particularly of the most valuable types of fuel and raw materials; only absolutely indispensable products shall be purchased abroad and those in amounts appropriate to immediate needs so that they are put to use straight "from the ship" without long storage. Products which it is more profitable technically and economically to manufacture at home shall be excluded from import plans. L.I. Brezhnev made a special point of it in his report to the 26th Party Congress: "...we at times forfeit our priority and spend a great deal of money for the purchase abroad of machines and technologies that we can well produce ourselves and often of a higher quality at that". *

It is clear that the country's import requirements are commensurable with its real export resources. That is why special attention in our economy and foreign trade must always be given to widening, making better and more effective our export activities at all levels—from manufacture to sales.

It ought to be mentioned that considerable progress has been made in this field during the last five-year plan periods due to Soviet economic achievements. In the last decade the volume of exports more than quadrupled to reach almost 50,000 million rubles in 1980. Its commodity pattern has become wider and more industrial. There is a gradual increase in the export of engineering products and other manufactures, as well as more diverse semi-manufactures. Their quality and competitiveness continue to improve. The general effectiveness of exports has been steadily rising. At the same time fuels and raw materials continue to be the leading

* *Report of the Central Committee of the CPSU to the XXVI Congress of the Communist Party of the Soviet Union*, Novosti Press Agency Publishing House, Moscow, 1981, p. 76.

articles and the main source of the export's growth. As these non-renewable resources are limited we ought to strive for the main objective—to increase the share of manufacturing industry products in our future exports as much as possible. The decisions of the 26th CPSU Congress emphasize the need to develop export production and improve the pattern of exports, first of all, through augmented manufacture and deliveries of world market competitive engineering products and other manufactures, raising the technical and quality standards, and enlarging the deliveries of more refined products.

Naturally, it will take more than five or even ten years to meet this important challenge. The whole package of other large-scale measures mapped out by the 26th Party Congress to develop production and raise the technical level of engineering and other manufacturing industries ought to contribute significantly to the accomplishment of this cause: extended exports of top quality industrial products, above all, those from the mechanical engineering and instrument-making industries meeting the requirements of this scientific and technical age. Mainly, these should include the following: complete sets of industrial equipment and automatic lines; metal-working plant, including lathes with programme control; electrical goods, including atomic reactors and other equipment for atomic power plants; electronic computers; aircraft; helicopters; ships; motor vehicles; tractors; construction equipment; instruments and devices; household appliances; etc.

Enterprises using the latest foreign machines and technology are expected to expand the production of top quality engineering products for export. Those enterprises that have already gone into operation are producing for export the following articles: passenger cars and trucks, tractors, rolled ferrous metals, ammonia, carbamide, polyethylene, acrylic acid nitril, vinylchloride, polyvinyl-chloride, sulphuric acid, and cement.

In the future these enterprises will export iron ore pellets, ferro-alloys, high grade pulp, fodder yeast, electricity, and various engineering products. Industrial projects being built in the Soviet Union under the Comprehensive Programme of socialist economic integration and compensation arrangements with capitalist countries must constitute the nucleus of these enterprises. Their noteworthy feature is that they are export-oriented.

In the context of the scientific and technical revolution the extended and improved export pattern warrants fast conversion of the results of scientific and engineering thinking into things practical: either putting them to mass industrial uses or translating them into highly effective machines, instruments, devices, new materials or other modern products; it is also very important to make active use of foreign markets for sales of licences for scientific and technological break-throughs and inventions.

The course for expanding exports along these lines fully corresponds to the national economic pattern planned to be achieved in our country during the next two five-year plan periods, i.e. towards the turn of the century. Its success will depend on the intensity of the efforts of all those concerned with export activities: sectoral ministries, industrial associations and enterprises, research institutes, designing bureaux, planning and foreign trade organizations. The following important fact should also be taken into consideration: the orderly increase of foreign market competitive export goods by the manufacturing industry that can have an immediate positive impact on its operation and as a whole contribute significantly to the achievement of the objectives formulated by the 26th CPSU Congress with regard to higher effectiveness of social production.

The corner-stone of Soviet foreign policies has been and continues to be the mutually profitable all-round development of trade, economic, scientific and technical relations with the socialist countries. Today more than half of the Soviet Union's total trade turnover falls to their share. Among these the CMEA nations rank first. Relations with them will still be based on active participation in furthering socialist economic integration. Together with them our country will do its utmost to turn the two forthcoming five-year plans into a period of intensive production, scientific and technical co-operation.

Particular significance is attached to the implementation of the member-countries' Long-Term Specific Programmes of Cooperation (designed for the period ending in 1990) in energy development, fuel and primary materials industries, engineering, agriculture, transport, and consumer goods. Many of

the undertakings envisaged in the programmes have been included in specific agreements and are being put into practice on a multilateral and bilateral basis. Among the major problems that require joint efforts of the member-countries to be solved are energy, fuel and primary supplies. Taking into account the changes in world energy and raw materials situation and the fact that fuel and primary materials extraction becomes more costly and that the sources of these minerals are not renewable CMEA countries generally achieve success in solving these problems.

It is common knowledge that the Soviet Union is a major contributor to the CMEA nations' supplies of fuels and raw materials. Despite certain difficulties caused by the worsening of mining conditions Soviet exports of energy carriers to the CMEA countries are expected to exceed in the current five-year period the level of the previous one by 20 per cent (in terms of standard fuel units) as was announced at the 35th CMEA Session in July 1981. The Soviet Union will also continue to deliver to these countries considerable amounts of iron ore, rolled metals, timber materials, non-ferrous metals, cotton, chemicals and other products.

It is but natural that in the context of the colossal expansions achieved it is economically impossible to expand the production and deliveries of fuels and raw materials at the same rate as before. Therefore, cooperation in this sphere in the coming years will be focused mainly on a better and more effective use of the vast potential already in existence. As to the power industry special attention should be paid to comprehensive cooperation in the use of atomic energy.

Specialized and cooperated manufacture is another major objective regarding cooperation with the CMEA member-countries in the eighties. Solid progress has already been laid in this field for such instances: a large number of multilateral and bilateral agreements covering various industries are being implemented. Fulfilment of the bilateral long-term programmes on specialised and cooperated manufacture signed last year between the Soviet Union, on the one hand, and Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia on the other, will give another powerful impetus to this cooperation. These programmes are closely interrelated with the long-term specific programmes. The programmes are designed to help achieve the strategic objectives of socialist and communist co-ordination of the socialist community of nations.

Specialized and cooperated manufacture will be the main vehicle assuring the CMEA nations' mutual supplies with the required machinery and equipment. Respective agreements between member-countries for the new Five-Year Plan Period cover the following items: equipment for atomic power stations; heavy-duty and special machine-tools; electronic computers; tractors; farm machinery; mining and other equipment. Preliminary estimates indicate that Soviet deliveries of engineering products to the CMEA countries in 1981-1985 will approximate 35,000 million rubles, a 40 per cent increase over the previous five years. In its turn the Soviet Union will receive from these countries a more than 60,000 million rubles' worth of required machinery and equipment.

CMEA countries play a significant part in supplying consumer goods to the Soviet Union. In the past five years they supplied up to 15 per cent of our retail trade stocks in clothing, footwear, furniture and canned foods. In the next five-year plan period the respective supplies will exceed 40,000 million rubles.

Expansion of long-term, stable production, scientific and technical relations based on closer co-operation in planning will continue to be the backbone of all activities to develop socialist economic integration. Along with the coordination of their five-year national economic plans the CMEA countries are also adopting coordinated plans for multilateral integration measures. The first of these for 1976-1980 was drafted and approved. Its results indicate that it is an effective way to solve major economic problems facing the socialist community nations. Another plan of this kind was drafted and approved at the 35th CMEA Session for 1981-1985. It incorporates major multilateral integration undertakings from the long-term specific programmes of cooperation, and a set of measures to extend specialised and cooperated manufacture in many industries. In the current five-year plan period joint construction activities will assume a greater scope. The following projects are to be constructed on Soviet territory: an atomic power plant in Khimchitsky; mining and ore enrichment complexes; ferro-

allow factories, etc. On its part the Soviet Union will participate in the construction of many important industrial enterprises in the CMEA member-countries.

The 26th Soviet Communist Party Congress stressed that the CMEA countries' plans of coordination ought to be supplemented with coordination of economic policy as a whole covering the following range of problems: a more approximated structure of economic mechanisms; more direct ties between the cooperating sectoral ministries, industrial associations, enterprises and organizations of the Soviet Union and those of the CMEA nations; establishment of joint companies, and broader use of uniform standards and norms.

The trade contracts and long-term agreements on economic and technical cooperation with most developing nations constitute a sound basis for the further extension of the Soviet Union's trade and economic relations with them. The Soviet Union will continue to develop a mutually profitable exchange of goods with them, as well as comprehensive economic, scientific, technical and other relations on a long-term and equitable footing; it will also continue to render them economic and technical assistance in constructing industrial enterprises, energy-generating, farm and other projects conducive to their stronger economic and political independence. Likewise, it will keep on cooperating with the developing nations in the joint struggle for reconstructing international economic relations on just and democratic principles.

As to business cooperation with the industrial capitalist nations the decisions of the 26th CPSU Congress indicate that it must be based on the principles of peaceful coexistence of states with different social systems and the necessity to strengthen international detente. The Soviet Union will maintain stable mutually beneficial trade, economic, scientific and technical relations with interested capitalist nations on this basis; it will also fulfil its commitments under the operative accords and sign new agreements for large-scale projects in the fuel, metallurgical, chemical and other industries. Other forms of cooperation with these countries will be looked for.

It ought to be mentioned that in the seventies as the result of expanding international detente Soviet economic relations with the industrial capitalist nations made good progress. In the past decade

trade with this group of countries increased 6.7 times and its specific share in the foreign trade turnover of the Soviet Union rose to 33.6 per cent in 1986 from 21 per cent in 1970. This period witnessed the signing of long-term agreements and programmes of economic and industrial cooperation with practically all Western countries. Most of these fully or partially cover the next five years. The respective accords with Austria and France are effective till 1990, with Finland--till 1994, and with the Federal Republic of Germany--till 2003. Preparatory work is underway to sign new agreements and programmes on long-term cooperation in the eighties with a number of Western countries.

Large long-term contracts providing for mutual deliveries of various products in the eleventh five-year plan period have been signed with Western firms, specifically, those of Italy, France, the FRG and Finland in pursuance of the existing agreements and programmes. Under these contracts the Soviet Union will receive machines and equipment on standard and compensation terms for many enterprises to go into operation in the next five years in the steel, non-ferrous metals, chemical, pulp-and-paper, timber, coal, gas and other industries, and also ships of various types, large-diameter steel pipes for gas and oil pipelines, and other products.

Efforts are being made along different lines and at different levels to find new ways of developing trade relations with the capitalist countries. Preliminary negotiations are underway with these countries' firms on possible large-scale cooperation in the following: the oil and gas industries; metallurgy; auto industry; production of farm machinery and tractors; chemical and petrochemical industries; and mineral prospecting. New compensation arrangements are being discussed, specifically, the construction of a gas mains from Western Siberia to the western border of the Soviet Union. This deal alone would have an important magnifying effect on the Soviet Union's trade turnover with Western countries in the current five-year plan period and subsequent years. To put the deal through Western countries would have to deliver to the Soviet Union significant amounts of large-diameter pipes, compressor stations and other equipment and materials for the pipeline in exchange for the Soviet natural

gas. After full payments for the credits, gas could be sold for foreign exchange.

As for the prospects and plans of business cooperation with the capitalist countries it should be mentioned that along with their significance they largely depend on the trade and political situation in each of them apropos their trade with the Soviet Union. It goes without saying that Soviet foreign trade plans reflect to a larger measure possible extension of bilateral trade and economic relations with those countries that will provide normal and equitable conditions for this. Experience indicates that all attempts at discrimination, economic sanctions, boycott or blockade against the Soviet Union have always ricocheted which was again dramatized last year by the failure of the US attempt to use trade as an instrument of political pressure on the Soviet Union.

Standing for broad economic cooperation with all nations the Soviet Union takes an active part in solving major international economic problems. At the present stage our country deems it expedient to join hands with other nations in solving the problems of raw materials, fuel and energy, foodstuffs, environmental protection, peaceful development of space, utilization of the World Ocean resources, and improvement of international economic relations on an equal and just basis.

The foreign economic policy outlined by the 26th Congress of the Communist Party of the Soviet Union mirrors the cardinal interests of the Soviet state. Embodied in specific plans of the country's economic development it will vigorously contribute to the steady advance of our society in creating the material and technical base of communism and raising the welfare of the Soviet people, and reliably serve the cause of strengthening world peace.

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USSR-CEMA TRADE

COORDINATION OF PLANS AMONG CEMA STATES GROWING

Moscow EKONOMICHESKAYA GAZETA in Russian No 45, Nov 81 p 20

[Article by Candidate of Economic Sciences V. Kuznetsov: "In Closed Ranks, Toward A Common Goal"]

[Text] CEMA member-nation cooperation in planning activity is one of the primary conditions of ongoing development of the entire socialist community. This was emphasized with new force at the recent congresses of communist and worker parties of the fraternal countries of socialism. "It is no longer possible to imagine," said L. I. Brezhnev at the 26th CPSU Congress, "the confident development of any given socialist country, its successful resolution of such problems as, say, energy resources and raw material supply or introducing the latest achievements of science and engineering, without ties with other fraternal countries."

The basic method of actualizing the advantages of CEMA-country economic cooperation is the coordination of their five-year national economic plans. This is done regularly, starting with the 1956-1960 Five-Year Plan. Having arisen as a method of interlinking flows of goods and services in trade among the countries, plan coordination has been transformed into a well-balanced system of international agreements ensuring the guaranteed sale and delivery of raw material, energy and finished products within the CEMA framework; it facilitates consideration of the possibilities and advantages of mutual cooperation when working out and implementing the national five-year plans.

Five-year plan coordination is a long-term, continuous process whose start coincides with completion of plan coordination in the preceding five-year plan. The central planning agencies, economic ministries, large industrial associations and foreign trade organizations of the CEMA countries participate in plan coordination work. The CEMA Committee for Cooperation in the Area of Planning Activity and the Council's permanent commissions and Secretariat perform important functions in organizing this work. Plans are coordinated bilaterally and multilaterally in several stages, in the course of which agreement is reached on the basic directions of scientific and technical cooperation, deepening production specialization and cooperation, capital investments in joint projects, as well as the products list, amount and schedules for rendering reciprocal services and delivering reciprocal goods.

Coordination work proceeds in close coordination with work on drawing up the national plans. Agreement on decisions regarding basic cooperation questions in a five-year period is generally reached prior to the submission of draft national five-year plans

to the CEMA-country higher legislative organs for approval. Final plan development takes into account the agreements reached in the coordination process.

Each five-year plan is an important frontier in reaching the socioeconomic goals of developing the socialist community agreed upon by the fraternal parties. One feature of plan coordination this current five-year period has been that it was done with consideration of the tasks stemming from the long-range target programs of CEMA member-nation cooperation and the long-term bilateral production specialization and cooperation programs between the USSR and the European CEMA countries. These programs reflect a coordinated strategy of cooperation for the long term.

The range of problems to be coordinated in the 1981-1985 five-year plan is determined in considerable measure by the necessity of carrying out the DTsPS [long-range target cooperation programs] measures, which must be developed into a system of multilateral and bilateral agreements and contracts. In the course of plan coordination, this task has been successfully resolved: about 150 agreements were signed, in particular, ones on specializing and cooperating in AES equipment production, petroleum deep drilling, automated lines, machine tools with numerical preset control, hydraulic and pneumatic equipment, building nuclear power plants in the USSR to increase deliveries of electric power to CEMA countries, building 750-kV electric power transmission lines, and developing sugar and citrus production in the Republic of Cuba.

The results of 1981-1985 plan coordination were summed up at the 35th CEMA Session meeting in July 1981. It was noted that, as a result, the basic directions of reciprocal cooperation among the fraternal countries were coordinated for the next five years, and for a longer period in solving individual problems. This provided the countries an opportunity to work out balanced plans for 1981-1985 and to advance substantially in deepening and further developing socialist economic integration.

The growing amounts of mutual cooperation in the current five-year period can be judged by the reciprocal trade turnover volume agreed to in the course of plan coordination, that volume to increase 36 percent in 1981-1985 as compared with reciprocal trade turnover in 1976-1980. In the upcoming five-year period, USSR foreign trade turnover with CEMA countries will be approximately 40 percent more than in the preceding five-year plan and will exceed 260 billion rubles. The Soviet Union will increase by more than a third its deliveries of electric power, fuel and raw material to the CEMA countries. Deliveries of petroleum from the USSR will be retained at the high level achieved in 1980 for the 1981-1985 period -- 400 million tons for the five-year period as a whole. In this regard, it is important to emphasize that the Soviet Union is meeting nearly 90 percent of the CEMA countries' petroleum products import requirements and 99 percent of their natural gas requirements. Exports of machinery and equipment from the USSR to CEMA countries will also increase 40 percent. Thus, deliveries of fuel, raw material and equipment of vital importance to the economies of the fraternal countries will facilitate their stable, dynamic development.

Cooperation with CEMA countries gives the Soviet Union quite a few advantages as well. This past five-year period, CEMA countries provided up to 40 percent of the tonnage in the Soviet fleet, 35 percent of its new passenger rail cars, 12 percent of its new buses and up to 15 percent of its retail trade stocks of finished footwear, clothing, furniture and canned goods. This five-year period, our country will receive increasing amounts of chemical and metallurgical equipment, ships, rail cars, buses and equipment for light, food and the printing industry from CEMA countries. For 1981-1985 as a whole, the Soviet Union will import more than 60 billion rubles worth of modern machinery and 40 billion rubles worth of consumer goods from CEMA countries.

One invariable condition of national economic plan coordination and carrying out corresponding tasks in the area of foreign economic ties is that the reciprocal commodity flows among CEMA member-nations must be balanced.

[Chart not reproduced for this report: CEMA member-nation reciprocal trade turnover growth has been from 14.3 billion rubles, in current prices, in 1960 to 33.5 billion in 1970, 71.0 billion in 1975, 111.6 billion in 1979 and 120.9 billion in 1980.]

The course and results of 1981-1985 plan coordination demonstrate convincingly that CEMA countries are jointly finding ways of solving many complex problems of developing their national economy and ensuring conditions for its stable, dynamic growth on the basis of consistent implementation of a policy of deepening socialist economic integration. At the same time, plan coordination work has revealed that opportunities and real reserves which can be used with difficulty are not being used, that only plan coordination is being used as the basic method of organizing CEMA-country economic cooperation. The task Leonid Il'ich Brezhnev set at the 26th CPSU Congress, "supplement plan coordination with the coordination of economic policy as a whole," is therefore exceptionally timely and important.

Setting the task of coordinating CEMA-country economic policy as a whole results first of all from the necessity of immediately working out a system of steps to ensure that CEMA countries jointly use all types of resources more economically, including fuel-energy, raw material and labor resources. In the Soviet Union, which is the basic supplier of fuel-energy and raw-material commodities on the CEMA market, conditions for extracting and transporting these types of resources have deteriorated significantly. This results from the necessity of allocating large additional capital investments in the USSR extractive complex, which makes it considerably harder to deliver these commodities at the same rate of increase as in the 1970's. Naturally, along with the joint development of extractive industry, the economical, efficient use of primary resources has now taken on special significance. It has been estimated that aggregate capital investments in extracting fuel and energy resources could be three- to four-fold higher than expenditures on saving fuel and energy in the future. As was noted at the 35th CEMA Session meeting, these tasks can be resolved in a fundamental way only as a result of restructuring industrial production, the preferential development of less energy- and materials-intensive types of production and the introduction of resources-conserving equipment and technology. The problems of restructuring production in the CEMA countries can be solved only by coordinating their economic policies in this area, in which regard, we need to determine what goals to set for the five-year plan at hand, what for the next 10 years and what for the more distant future.

The necessity of coordinating CEMA-country economic policy was confirmed at the recent congresses of fraternal communist and worker parties.

The proposal that plan coordination be supplemented by coordinating economic policy as a whole was unanimously approved at the 35th CEMA Session meeting. The delegate's speeches emphasized that the adoption of long-range target cooperation programs for fuel and raw materials, machine building, agriculture, transport and consumer goods production faces these countries with the task of more closely coordinating economic policy in these national economic complexes, policy based on broader agreement and interlinking of long-range capital investment programs. Problems of meeting the countries' growing requirements for food, fuel, raw material, technological equipment and means of transport have acquired an international character for the whole

community, so they need to be solved on the basis of a comprehensive approach, calculated for a long period, by uniting the efforts of the CEMA countries concerned.

The policy of the CPSU and other fraternal parties of transforming the next two five-year plans into a period of intensive production, scientific and technical cooperation for the countries of socialism also necessitates coordinating scientific and technical policy among the CEMA countries concerned with a view towards uniting their efforts on working out the problems of top-priority importance to the national economy. The 35th CEMA Session meeting singled out as important directions of scientific and technical cooperation joint development of machine complexes for open-pit mining and the construction of large gas pipelines, energy-saving equipment and modern means of production process control. In this regard, it has been proposed that their production be on a cooperative basis beginning at the start of the next five-year plan.

The results of economic policy coordination in the next decade will serve as a good basis and guideline for coordinating CEMA-country national economic plans for 1986-1990 and 1991-1995. Supplementing plan coordination with coordinating economic policy as a whole will enable us to increase the efficiency and effectiveness of coordination activity by orienting it more precisely towards resolving the most important production, scientific and technical tasks, providing the mutual cooperation measures being planned with resources, and further developing multilateral forms of cooperation among countries of the socialist community.

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USSR-CEMA TRADE

PRODUCTION ACHIEVEMENTS OF CEMA STATES DETAILED

Moscow POLITICHESKOYE SAMOOBRAZOVANIYE in Russian No 10, Oct 81 pp 59-66

[Article by L. Tarasov and V. Shishankov: "CEMA Countries in the 1970's"]

[Text] Countries of the socialist community achieved good success in the 1970's. Stable, dynamic development of their productive forces was ensured, the basic economic and social tasks were resolved successfully, and the structure of social relations was strengthened and improved. Implementation of the measures outlined by the Comprehensive Program of Socialist Economic Integration enabled us to broaden and deepen the economic interaction of CEMA countries and to engage the national economic complexes more actively in mutually advantageous division of labor.

Having reviewed the results of the July-August 1981 Crimea meeting between CPSU Central Committee General Secretary and USSR Supreme Soviet Presidium Chairman L. I. Brezhnev and leaders of the fraternal parties and countries, the CPSU Central Committee Politburo has stressed that augmenting the ties of the socialist countries in all areas is an important prerequisite to fully actualizing the creative tasks set us by recent communist and worker party congresses. It has served and will serve to develop the national economies and improve the national well-being of each of the fraternal states participating in this cooperation.

Certain changes have occurred in the CEMA countries in management methods and in the ways and means of attaining the goals of socialist production. In the early 1970's, the communist and worker parties of the fraternal countries put forward moving the socialist economy onto a primarily intensive path of development as a most important task. This requires considerable effort, funds and time. Orienting social production in the CEMA countries towards the more efficient use of production capacities, achieving an increment in output without increasing the number of people employed and lowering the materials-intensiveness of the output has been of great practical import in the past decade.

It must be said that a slight reduction in economic growth rates did occur in CEMA countries in the latter half of this past decade. This situation had been foreseen by the fraternal countries and was reflected in the 1976-1980 five-year plans. It resulted from both internal and external conditions. In a number of countries, the organizational-economic structure (planning, management organization, economic levers, the pricing system and others) lagged behind the demands made by the scope of production and by interconnections in its internal elements. Such factors as deteriorating world economic market conditions, sharp price jumps in the world market and

the arms race thrust upon us by imperialism also played a role. "We are by no means depicting the contemporary socialist world as entirely rose-colored. There are also difficulties in our development," Comrade L. I. Brezhnev noted at the 26th CPSU Congress. "The transition to intensive economic development, implementation of large-scale social programs and the shaping of communist consciousness -- all this takes time. And we need both time and tireless creative searching."

However, in spite of the difficulties, countries of the socialist community increased their economic, scientific and technical potential, nearly doubling the rates of output and national income growth achieved by the developed capitalist states in the 1970's. The CEMA countries remain the most dynamically developing group of states in the world.

One important result of economic development in countries of the socialist community has been a substantial strengthening of the material-technical base of all branches of their national economy. During those 10 years, fixed production assets increased more than two-fold for CEMA countries as a whole. As a consequence of this, the technical updating of production accelerated. At the same time, opportunities for saving working time and reducing the number of workers employed at heavy and unproductive manual labor expanded. This past decade, about four-fifths of the increment in aggregate national income in CEMA countries was obtained through increased social labor productivity growth, and that income increased more than 80 percent as compared with 1961-1970.

Industry accounts for the largest contribution to development of the CEMA-country economies. From 16 (Mongolian People's Republic) to 44 (German Democratic Republic) percent of all those employed in the national economy work in this branch and produce from 29 (Mongolia) to 65 (Czechoslovak SSR) percent of the national income. Enormous material resources have been invested in its technical base, enabling us to increase the proportion of industrial-production fixed assets in the total value of national economic fixed assets to from 25 to 45 percent for the various countries.

The entry of a majority of the CEMA countries into a period in the early 1970's when opportunities for increasing industrial production were determined primarily by increasing labor productivity was accompanied by a rise in the technical level of production. As compared with 1970, the proportion of machinery and equipment in the structure of European CEMA-country industrial-production fixed assets has increased appreciably, the availability of electric power has risen 22-47 percent and the availability of capital to labor has risen 65-110 percent.

As a result, a substantial increase in industrial production was achieved. During 1971-1980, the total volume of industrial output in CEMA countries increased 84 percent (45 percent from 1970 to 1975). It is instructive that industry in countries of the socialist community developed nearly three-fold faster than industry in the "Common Market" states during that period.

Important qualitative changes have occurred simultaneously with the growth in industry. As a result of outstripping development of the branches determining scientific and technical progress, foremost machinebuilding and chemical industry, the retooling of industry has intensified. Thanks to the release of higher-quality, technically improved items and a rise in the degree of initial raw and other materials processing, potential increased for better meeting the needs of the entire CEMA-country national

economy. Introducing new technology on a broad scale has permitted a reduction in material and labor expenditures per unit of output and strengthening the role of industry as the most important source of socialist accumulation.

Growth in industrial output has been achieved in CEMA countries thanks in decisive measure to the rise in labor productivity, which accounted for more than three-fourths of the aggregate increment in industrial output in the 1970's.

The branch structure of CEMA-country industry has been developed according to the basic directions of technical progress, as well as the requirements of improving the well-being of the people and broadening and deepening the participation of the fraternal countries in the international socialist division of labor.

Dynamics of Growth in Gross Industrial Output and Labor Productivity

	1980 as a percentage of 1970	
	gross industrial output	labor productivity in industry
Bulgaria	206	178
Hungary	161	170
GDR	174	162
Cuba	179	...
Mongolia	232	168
Poland	206	176
Romania	290	190
USSR	178	156
Czechoslovakia	173	163

The share of means of production in the total volume of industrial output tended to increase in the ratio between Group A (production of means of production) and Group B (production of objects of consumption) industrial branches. This was determined in substantial measure by the intensiveness of machinebuilding development. Output of this branch increased nearly 2.8-fold in comparison with the preceding decade. Electronics, tool making and machine tool building were developed especially rapidly. In 1980, machinebuilding production had increased more than three-fold in Bulgaria as compared with 1970, in Hungary -- 72 percent, the GDR -- 90 percent, Republic of Cuba -- 51 percent (as compared with 1975), Mongolia -- 2.5-fold, Poland -- nearly 2.7-fold, Romania -- 4.2-fold, USSR -- 2.6-fold and Czechoslovakia -- 2.1-fold.

The production base of nuclear power engineering was broadened in countries of the socialist community and is being called upon to make a significant contribution to electric power growth in the 1980's, as well as growth in export branches.

Chemical industry has been developed at outstripping rates. Its importance as an accelerator of technical progress and as a factor facilitating dynamic, steady growth in industrial production as a whole was strengthened in 1971-1980. As compared with 1961-1970, the volume of chemical industry output increased more than 2.5-fold this past decade. This permitted a substantial strengthening and broadening of material supply in machinebuilding, footwear, textile, rubber-asbestos, furniture and other branches of industry and better satisfaction of the agricultural requirements for chemical products.

In Bulgaria, chemical output production grew more than 2.7-fold during 1971-1980, in Hungary -- 2.3-fold, the GDR -- 1.9-fold, Mongolia -- 4.4-fold, Poland and the USSR -- 2.2-fold, Romania -- 3.3-fold and Czechoslovakia -- 2.1-fold.

Production of Plastics, Chemical Fibers and Thread

	plastics and synthetic resins (1,000 tons)*		chemical fibers and thread (1,000 tons)	
	1970	1980	1970	1980
CEMA countries as a whole	2,669	6,514	1,187	1,220
including:				
Bulgaria	89	250	23	95
Hungary	56	328	10	29
GDR	370	859	215	293
Poland	224	576	138	256
Romania	206	579	77	206
USSR	1,479	3,028	623	1,176
Czechoslovakia	245	894	101	165

*Data on plastics and synthetic resins production calculated using the methodology adopted in CEMA member-nations.

Strengthening the fuel-energy base is a necessary condition for stable economic development of countries of the socialist community. In terms of energy resources production, CEMA countries have been transformed into one of the most powerful regions of the world, one in which complex problems of meeting national requirements for fuel and energy are being solved through joint efforts. It might be noted in this connection that energy resources production (recalculated to comparison fuel) had increased more than 1.4-fold in 1971-1980 as compared with 1961-1970. This became an important prerequisite to the fraternal countries' resolving major national economic tasks.

The Soviet Union is the main producer of fuel and energy resources, especially petroleum and gas. It supplies other CEMA countries with these important types of energy resources in substantial measure.

Electric Power Production (in billion kilowatt-hours)

	1970	1980	1980 in per- cent of 1970
CEMA countries, total	993.0	1,726.0	174
Bulgaria	19.5	34.8	178
Hungary	14.5	23.9	165
GDR	67.7	98.8	146
Cuba	4.9	9.9	202
Mongolia	0.5	1.6	320
Poland	64.5	122.0	189
Romania	35.1	67.5	192
USSR	740.9	1,295	175
Czechoslovakia	45.2	72.7	161

Fuel-energy resources production in the CEMA countries as a whole has attained tremendous scope. In 1980, some 1.726 trillion kilowatt-hours of electric power was generated, as much as was produced in Japan (620 billion), the FRG (357 billion), Britain (283 billion), France (255 billion) and Italy (185 billion) taken together.

The development of power engineering is a necessary condition of technical progress in the national economy, of improving the everyday living conditions of the population. The absolute increment in electric power generation over the past decade has equalled the aggregate production for 1961-1970 as a whole. The high increment in electric power has permitted an appreciable rise in the availability of energy to labor in branches of the national economy, improvement in technological processes and an increase in electric power consumption for housing and municipal services.

Petroleum extraction (including gas condensate) in CEMA countries was 617,500,000 tons in 1980, of which 603,000,000 was extracted in the USSR (173,000,000 more than in the USA), 11,500,000 in Romania and 2,000,000 in Hungary. CEMA countries as a whole obtained 463,000,000,000 m³ of natural and casing-head gas, the USSR accounting for 406 billion and Romania for 33.4 billion. (Gas data based on 0°C and 760 mm Hg. USSR reporting, using 20°C and 760 mm Hg, would be 435,000,000,000 m³ in 1980.)

Anthracite coal mining reached 726 million tons for CEMA countries as a whole in 1980; lignite mining -- 633 million tons. The USSR mined 653 million tons of all types of commercial coal, Bulgaria -- 30 million, Hungary -- 26 million, the GDR -- 258 million, Poland -- 230, Romania -- 35 and Czechoslovakia -- 123 million tons.

Along with increasing coal mining, petroleum and natural gas extraction, more attention was paid to using them intelligently and efficiently, as well as to involving water resources in economic circulation.

The fraternal countries intensified their efforts to ensure economic growth on paths of comprehensively reducing proportionate expenditures of fuel and introducing into production technological processes ensuring the use of low-grade and recovered energy carriers. It could be noted in this connection that in the GDR and Hungary, the development of industry and a number of other branches in recent years has occurred with practically the same level of consumption of primary energy carriers.

In accord with national economic needs, base branches ensuring the development of machinebuilding and capital construction, such as ferrous and nonferrous metallurgy, building materials and metal components industry, have been expanded.

In metallurgy, the proportion of high-quality steel, semiconductor and ultrapure materials needed for electronics and electrical engineering industry, high-precision rolled metal shapes, nonferrous metals and refractory alloys, has been increased. The release of pipe for petroleum and gas industry has grown appreciably.

Production of Ferrous Metallurgy Output (in million tons)

	steel		rolled metal	
	1970	1980	1970	1980
CEMA countries, total	156	210	109	151
Bulgaria	1.8	2.6	1.4	3.2
Hungary	3.1	3.8	2.0	3.0
GDR	5.1	7.3	4.0	6.4
Cuba	0.1	0.3	0.1	0.3
Poland	11.8	19.5	8.8	15.1
Romania	6.5	13.2	4.5	9.3
USSR	116	148	80.7	103
Czechoslovakia	11.5	15.2	7.9	10.8

Implementation of broad construction programs in the CEMA countries has required a significant increase in building materials production. As compared with 1961-1970, cement production increased nearly 1.7-fold this past decade. Production of prefabricated construction parts and factory-made subassemblies, as the basis for introducing industrial technology in construction and of comprehensively mechanized building and installation prefabrication, increased even more.

Ensuring growth in the well-being of the people and better satisfaction of the material needs of the population are inseparably linked to the development of light and food industry. During the 1970's, production volume in these branches for CEMA countries as a whole increased 52 and 40 percent, respectively, and with an expanded assortment of output.

1980 Production of A Number of Light Industry Items

	f a b r i c s			leather footwear (million pairs)
	cotton (billion square meters)	wool (1,000,000 m ²)	silk	
Bulgaria	0.3	61	39	24
Hungary	0.3	39	56	43
GDR	0.5	107	123	79
Poland	0.9	182	184	143
Romania	0.7	96	109	103
USSR	7.1	762	1,769	744
Czechoslovakia	0.6	91	95	120

Major capital investments were made in developing light and food industry. This enabled us to put new capacities into operation, renovate and modernize existing ones, increase labor productivity, improve output quality and broaden the assortment on the basis of the use of new types of raw and other materials.

CEMA countries have paid much attention to developing agriculture. Gross agricultural output for CEMA countries as a whole increased by approximately one-third in 1971-1980 as compared with the preceding decade. In this regard, the amount of agricultural land in a majority of the fraternal countries had decreased somewhat in 1980 as compared with 1970. The increment in gross harvests of the basic agricultural crops was obtained in effect as a result of improved crop yields.

Certain successes were achieved in developing stockraising. As compared with the 1960's, aggregate meat production in countries of the socialist community increased 1.4-fold this past decade, 1.27-fold for milk production.

In 1980, the USSR produced 15 million tons of meat (dressed weight), as against 12.3 million tons in 1970; the figures were 0.8 and 0.5 million tons, respectively, in Bulgaria, 1.5 and 1.0 million in Hungary, 1.8 and 1.3 million in the GDR, 3.2 and 2.3 million in Poland, 1.8 and 0.9 million in Romania and 1.5 and 1.1 million in Czechoslovakia.

Milk production in the USSR grew from 83 million tons in 1970 to 90.6 million tons in 1980; in Bulgaria -- from 1.6 to 2.2 million tons, Hungary -- 1.7 to 2.4 million, the GDR -- 6.8 to 8.4 million, Poland -- 14.9 to 16.7 million, Romania -- 4 to 5.8 million, and in Czechoslovakia -- from five to six million tons.

Grain and Legumes Production and Yields (average per year)

	gross harvest (million tons)			yields (quintals per hectare)		
	1966-1970	1976-1980	1976-1980 in percent of 1966-1970	1966-1970	1976-1980	1976-1980 in percent of 1966-1970
CEMA countries, all	227	285	125	15.3	18.5	121
Bulgaria	6.5	8.0	123	27.4	35.5	130
Hungary	8.4	12.8	151	25.4	41.5	163
GDR	7.0	9.1	130	29.4	35.2	120
Republic of Cuba	0.3	0.5	157	..	21.1	...
Mongolia	0.2	0.3	150	6.0	6.5	108
Poland	17.4	19.7	113	19.8	24.5	124
Romania	12.9	19.5	151	19.4	30.2	156
USSR	167.6	205	122	13.7	16.0	117
Czechoslovakia	7.1	10.2	144	26.6	36.4	137

Over the past decade, CEMA countries have done much work on strengthening the material-technical base of agriculture, improving production organization, changing over to an industrial basis for the branch. The chemization and comprehensive mechanization of agricultural production were intensified. Irrigation and drainage work were done on a broad scale. Thanks to this intensification of agriculture, output growth occurred with a reduction in the number of workers.

The fleet of tractors and other agricultural machinery increased in CEMA countries. In 1980, there were 3.7 million tractors in the fields of all countries of the socialist community, 33 percent more than in 1970. At the same time, the unit power of the machines increased. Total rated power of tractors increased more than 70 percent during this period.

Electric power consumption in agriculture in CEMA member-nations increased more than 2.8-fold this past decade. This led to significant growth in the availability of electric power to agricultural labor, to improved working conditions and living conditions in rural areas.

Deliveries of Mineral Fertilizers to Agriculture (recalculated to nutrients, in million tons)

	1970	1980	1980 in percent of 1970
Bulgaria	0.64	0.83	130
Hungary	0.84	1.40	167
GDR	1.54	1.6	104
Poland	2.42	3.6	149
Romania	0.7	1.19	170
USSR	10.3	18.7	182
Czechoslovakia	1.2	1.7	142

Deepening and broadening the division of labor among the CEMA countries was a substantial factor in developing their productive forces. More effective forms of interrelationships gradually evolved and developed and the material conditions of socialist economic integration were gradually strengthened in the course of economic,

scientific and technical cooperation. Hence, opportunities for economic growth on a base of international production cooperation grew. In turn, raising the level of economic, scientific and technical development, regrouping production factors with a view towards their efficient use and expanding the mutual exchange of material and scientific output facilitated deeper participation by CEMA countries in the international socialist division of labor. "It is no longer possible to imagine the confident development of any one socialist country or its successful resolution of such problems as, say, energy resources and raw materials supply or the introduction of the latest achievements of science and engineering, without ties with other fraternal countries," noted Comrade L. I. Brezhnev at the 26th CPSU Congress.

Strengthening the comprehensive cooperation of the fraternal countries helped develop their mutual trade. In 1980, reciprocal trade turnover reached 120 billion rubles, increasing 3.3-fold during the decade. Reciprocal deliveries of specialized machinebuilding output grew even faster. As a result, the proportion of this output in total exports of equipment and machinery by CEMA countries increased from 18.1 percent in 1971 to 36.4 percent in 1980.

Steady expansion of the market size in countries of the socialist community led to a situation in which reciprocal foreign trade exchange among CEMA member-nations in 1980 was more than 18 percent of their aggregate national income, as compared with 13 percent in the early 1970's.

The most notable orientation in markets of the socialist community was in machinebuilding. The volume of reciprocal deliveries of machinery and equipment grew 4.6-fold during 1971-1979 and comprised more than two-fifths of reciprocal trade turnover. The proportion of machinebuilding items in total exports rose significantly.

Proportion of Exports in the Value of Industrial and Machinebuilding Output (percent)

	all industrial output		machinebuilding	
	1970	1980	1970	1980
Bulgaria	16	25	32	43
Hungary	17	32	29	50
DDR	12	18	21	33
Poland	9	14	21	26
Romania	11	14	11	15
Czechoslovakia	14	20	34	45

Cooperation in fuel and raw materials branches is vitally important. Suffice it to say that from 30 to 70 percent of the domestic energy requirements of the European CEMA member-nations are being met through foreign sources, foremost through deliveries from the Soviet Union. In the 1970's, reciprocal trade in consumer goods (foods and manufactured goods) expanded appreciably, aggregate exports noticeably exceeding growth in production.

The scope of scientific and technical cooperation increased substantially. During the decade, CEMA countries completed upwards of 16,000 theoretical and applied projects through common efforts. The economic impact of using the results obtained exceeds five billion rubles. (For more detail, see: "Cooperation Among CEMA Member-Nations," *POLITICHESKOYE SAMOOBRAZOVANIYE*, No 9, 1981, pp 43-46.)

The results of this past decade confirm convincingly that the socialist economic system ensures the best conditions for comprehensive development of the person, for meeting his material and cultural needs. Growth in and distribution of national income in the interests of the whole society enabled us to carry out broad social programs during 1971-1980. They anticipated a continued increase in the monetary incomes of the population, growth in social consumption funds, improved housing conditions for workers, development of public health, raising the cultural-technical level of the population, and a substantial leveling of standards of living in urban and rural areas, among others.

Implementation of a broad complex of socioeconomic measures ensured a substantial rise in the real incomes of the population in the 1970's. They rose 50 percent for the CEMA countries as a whole. The increment in real per-capita incomes ranged from 28 percent in Czechoslovakia to 75 percent in Romania.

At the same time, a policy was conducted of drawing the levels of material security of different groups of the population closer to one another. To this end, wages for the lowest-paid categories of workers were raised in all CEMA countries, pension security was substantially improved, state assistance to families with children rose appreciably and the working, living and cultural conditions of the urban and rural populations drew closer to one another.

Constant efforts were made in the fraternal countries to achieve outstripping growth in consumer goods and services production relative to the growing monetary incomes of the population. To these ends, the consumer goods assortment was significantly broadened, and demand for new types of consumer services aimed at making housekeeping easier, improving worker recreation and ensuring even more opportunities for the comprehensive development of the individual increased.

Trade and the services sphere play a most important role in implementing plans to improve the well-being of the people. As compared with 1970, retail state and co-operative trade turnover increased 75 percent in Bulgaria in 1980, 53 percent in Hungary, 47 percent in Vietnam (1979 as against 1975), 58 percent in the GDR, 2.3-fold in Cuba (1979 as against 1970, in current prices), 73 percent in Mongolia, two-fold in Poland, 2.1-fold in Romania, 70 percent in the USSR and 41 percent in Czechoslovakia.

Meeting the demands of the population was accompanied by appreciable advances in the structure of expenditures on consumer goods used to meet cultural and personal needs and in the more efficient use of nonworking time.

The provision of the populace with household machines and appliances, radios and television sets and other durable goods improved. Previous models of a number of household goods were replaced by improved models. They included large-screen and color television sets, washing machines, stereo tape recorders, stereo radio-phonographs, and so on. Sales of passenger cars to the population rose substantially.

The production and consumption of foodstuffs increased this past decade, especially for such valuable ones as milk and dairy products, vegetable oil, meat and fruit.

Housing conditions improved steadily in all CEMA countries this past decade. Some 30 million modern apartments were built. More than 130 million people moved into new apartments or significantly improved their housing conditions.

Availability of Durable Consumer Goods (units per 1,000 residents)

	refrigerators		washing machines		television sets	
	1970	1979	1970	1979	1970	1979
Bulgaria	81	224	141	211	120	224
Hungary	103	281	179	290	171	252
GDR	215	391	205	305	276	396
Poland	70	254	185	240	137	254
Romania	54	..	46	..	82	..
USSR	89	240	141	205	143	242
Czechoslovakia	177	297	276	397	234	334

Public health received continued development. The network of hospitals was broadened and their material base was strengthened. The number of hospital beds increased 30 percent and the total number of physicians increased 43 percent in CEMA countries as a whole. The number of highly qualified medical specialists increased.

CEMA countries paid much attention to public education. The material base of the entire education system was strengthened. In the 1979-1980 academic year, nearly 14.5 million students were being trained in higher and secondary academic institutions of the CEMA countries, 22 percent more than in the 1970-1971 academic year.

The cultural needs of the population were met more fully and better. By the start of 1980, CEMA countries operated 194,000 open libraries and 1,181 professional theaters. The total number of books and pamphlets published last year was about 2.5 billion copies, of magazines -- more than 7.3 billion copies, and the annual newspaper run was 50 billion copies.

The successes achieved by countries of the socialist community this past decade in the economy and in improving the well-being and culture of the workers prove that they have advanced along all the lines of building socialism and communism. In so doing, they have laid a solid foundation for continued national economic growth in the 1980's.

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USSR-CEMA TRADE

TRANSFER RUBLE IN CEMA FOREIGN EXCHANGE, FINANCIAL AND CREDIT RELATIONS

Moscow FINANSY SSSR No 10, Oct 81 pp 70-73

[Article by Candidate of Economic Sciences B. P. Ivanov (People's Republic of Bulgaria): "Development of Foreign Exchange, Financial and Credit Relations in Countries of the Socialist Community"]

[Text] The year 1981 marks 10 years since the adoption of the "Comprehensive Program of Further Intensifying and Perfecting Cooperation and Developing Socialist Economic Integration Among CEMA Member-Nations" which was worked out in accordance with the fundamental directions defined at the 23rd CEMA Special Session.

As is known, the Comprehensive Program sets the task of improving cooperation in the area of planning activity in an organic combination with the expanded, planned use of commodity-monetary relations. Reviewing this problem is therefore of both methodological and practical importance.

It is first of all necessary to correctly understand the nature of the transfer ruble, which reflects the specifics of commodity-monetary relations functioning. Ignoring this position can, in our view, lead to a wrong appraisal of the essence of the transfer ruble and, consequently, to practically false recommendations on the ways of using it, to assigning it functions it cannot and should not perform.

In order to correctly understand the role of the transfer ruble, we should have a clear idea of the initial aspects of commodity-monetary relations functioning, their place given socialist economic integration. The new socialist content of international commodity-monetary relations consists first of all in that they are planned. This substantially modifies the role and functions of value instruments, including the transfer rule. Second, the transfer ruble and other value instruments function in the sphere of international, not intrastate, economic relations, where there is no property commonly held by all the socialist countries and where there is no common production or distribution of material wealth. As a result, the exchange of national products of labor occurs basically in the form of commodity exchange, which is mediated by the operation of the law of value, which in turn determines the extensive use of commodity-monetary relations in all areas of CEMA member-nation cooperation.

So broad a sphere of application of commodity-monetary relations would seem necessarily to correspond to the corresponding movement of international monies as well. However, as distinct from the foreign exchange of the capitalist countries, the

transfer ruble is not a universal means of commodity circulation in the international market of countries of the Council for Economic Mutual Assistance. Its functioning as an embodiment of value is substantially limited. This is unquestionably a contradiction, but a dialectic contradiction. And it is fully explainable if the essence of the transfer ruble is viewed in close connection with the natural laws of CEMA member-nation cooperation, with the features of development of the socialist type of economic integration.

The starting point is the fact that the planned nature of commodity-monetary relations is a form of manifestation of socialist production relations. This planned nature first of all characterizes a qualitatively new type of international economic integration. It functions on the basis of the conscious use of the objective law of planned development and other laws inherent to the world socialist economic system. This determines the basic features of managing integration processes at the international level.

Planning tools provide an opportunity to guarantee the reliability of mutual economic ties and their dynamicity, to ensure stable rates of national economic development, to use the law of value and commodity-monetary tools in a planned manner, and to ensure the mutual advantageousness of the decisions being made.

This is also the primary difference between socialist and capitalist economic integration, the latter being based on a model of market economy, with its spontaneous, competitive nature. All this is true reality and indisputable fact. "Communism," wrote F. Engels, "is not a doctrine, but a movement. It is based not on principles, but on facts."¹ V. I. Lenin emphasized: "Facts are the basis of political economy, not dogma."²

However, all this does not diminish the importance of commodity-monetary relations, which are an inseparable element in the structure of socialist international production relations. Their planned nature need not counteract commodity-monetary relations in general, but only the spontaneity of their operation and development. Without a correct understanding of this important provision, effective organization of interstate economic cooperation is impossible. Value instruments perform specific and objectively necessary functions which cannot be transferred to any other instruments not linked to a monetary form.

The intensification of CEMA-country cooperation in the area of planning activity requires the more efficient use of foreign exchange, financial and credit instruments. This will facilitate increasing the material responsibility of the participants. Strengthening the cost-accounting bases of planned management of the integration process opens up the opportunity of more fully and effectively mobilizing resources and creates conditions for promptly carrying out the plans, agreements, contracts and other mutual obligations agreed to.

The policy of giving priority to planning instruments in no way signifies opposing monetary and value instruments with them. Of course, by their very nature, monetary

¹K. Marx and F. Engels, "Soch." [Works], Vol 4, p 281.

²V. I. Lenin, the synopsis "Perepiski K. Marksa i F. Engel'sa 1844-1883 gg." [Correspondence of K. Marx and F. Engels, 1844-1883], Moscow, 1968, p 84.

relations reflect more than purely exchange relations. Monetary relations among CEMA countries are relations of a new, socialist type. They arise and are developed on a base of planned economic management and are organized by socialist states which conduct a firm policy of proletarian international and mutual assistance relative to each other. On the strength of this, there are no, nor can there be any, crises of confidence, antagonistic conflicts between the interests of the national monetary systems and the interests of the international foreign exchange and finance system as a whole, in the monetary relations of CEMA countries; no objective bases exist here for speculative foreign exchange operations. Monetary relations are called upon to help create solid prerequisites for strengthening the socialist community as a unified international entity, to more fully express its common interests.

At the same time, the area of monetary relations is a specific area. The economic results of the integration are made available to each sovereign state. Each country is the owner of all the riches of the nation, and it naturally strives to obtain a greater foreign exchange revenue and, in so doing, to supplement and augment the national holdings, to better meet its own economic interests. In the wider sense, the reference here is to combining national and international interests in developing socialist economic integration. The results of the integration process must be advantageous to each country and, at the same time, must correspond to the common, long-range tasks of development.

The relationship of direct (planning) and indirect (value) instruments for regulating the integration process is determined by the overall strategy for developing the socialist community and by its political orientation.

So the value mechanism is a necessary element in economic cooperation. It can accelerate or retard the integration process. Everything depends on the extent to which the mechanism has been perfected, on the extent to which it corresponds to the level of productive forces development achieved, to the scope and character of the countries' economic ties. But the very fact that monetary relations have emerged in the role of definite economic impulses makes them very important integrating means. Not only must this not be ignored, but the reverse: it must be more fully taken into account when working out measures of an integration character.

The introduction of long-term, deep forms of CEMA-country economic, scientific and technical cooperation would be inconceivable without the creation of corresponding economic tools, without a well thought-out system of steps to continue improving mutual calculations, strengthen the role of the national currencies and use even more fully the common currency, the transferrable, international socialist credit and interest policy. They are called upon to more actively help countries substantiate economically the expediency of the decisions being made, to "suggest" the level of advantageousness of a given structure or amount of exchange, the forms of scientific and technical cooperation and orientation of production specialization and cooperation from the viewpoint of observing the economic interests of the integrating economies, and to facilitate the development of tourism, scientific and cultural ties.

In the course of implementing the Comprehensive Program, the planning bases of multilateral cooperation, foreign exchange, financial and credit relations were significantly strengthened, and the importance of a comprehensive approach to developing and implementing multilateral measures grew. Cooperation was enriched by new forms such as long-term target cooperation programs and the coordinated plan of multilateral integration measures.

The long-term target cooperation programs have been an important new step in developing the economic interaction of the fraternal countries, embodying a coordinated strategy of cooperation on specific measures for the period up to 1990. In the course of implementing the program, CEMA member-nations have signed 119 multilateral agreements and upwards of a thousand bilateral agreements and have worked out about 320 forecasts in the area of scientific and technical cooperation. The 1976-1980 coordinated plan of multilateral integration measures encompassed 28 very large projects with an estimated cost of several billion transfer rubles and expenditures of several hundred million transfer rubles for the joint resolution of agreed-to scientific and technical problems. Major successes have been achieved in implementing this plan. For example, the Soyuz gas pipeline from Orenburg to the western USSR border (some 2,750 km), the Ust'-Il'msk Cellulose Plant, Kiyembayevskiy Asbestos Ore Enrichment Combine and others, were built in three years.

An important place is given to deepening CEMA member-nation cooperation in foreign trade and improving foreign exchange, financial and credit relations in the Comprehensive Program so that they can play a more active role.

The planning organization of CEMA member-nation economic ties assumes the planned use of commodity-monetary relations and close foreign exchange and financial cooperation resulting from the operation of specific instruments -- collective foreign exchange, credit, interest, and the system of calculations on regulating payment relations. In this regard, the Permanent CEMA Commission on Foreign Exchange and Financial Questions has played and is playing a large role.

A number of steps to improve foreign exchange, financial and credit relations have been taken in conformity with the directions of the Comprehensive Program within the framework of the Permanent CEMA Commission on Foreign Exchange and Financial Questions. Measures were prepared and implemented to heighten the role and broaden the sphere of application of the transfer ruble, to perfect foreign exchange policy relations and foreign exchange and financial instruments, to ensure equivalency in non-trade payment calculations, to develop the system of long- and medium-term credits through the MIB [International Investment Bank], and to improve and broaden MBES [International Bank for Economic Cooperation] activity. Using the transfer ruble, countries of the socialist community have made all types of reciprocal calculations without interruption and without resorting to the services of gold, the U.S. dollar or other capitalist currencies. This has ensured foreign exchange stability in the international socialist market and reliably protects against the foreign exchange fluctuations of capitalism.

The MBES actively assists the development of foreign economic ties among our countries. This is borne out by the constant growth in the amount of calculations in transfer rubles: it increased more than three-fold from 1971 through 1980. Total MBES credits issued in transfer rubles to make these calculations increased nearly four-fold from 1971 through 1980. Along with operations in transfer rubles, CEMA member-nations have entrusted the MBES with operations in convertible foreign exchange, as is outlined in the bank's charter.

As a result of implementation of the measures outlined in the Comprehensive Program to improve MBES activity, the bank has now reduced the number of types of credit in transfer rubles, increased repayment schedules, and raised and differentiated interest rates. Interest rates for current account funds and contributions of bank member-nations have also been raised. The Socialist Republic of Vietnam, Republic of Cuba

and Mongolian People's Republic have been granted credit on preferential terms, which has facilitated evening out their levels of development. At present, the MBES's daily operations total about one billion transfer rubles.

In 1971-1980, the influence of foreign exchange, financial and credit relations on the development of CEMA member-nation cooperation in the sphere of material production intensified. This was facilitated, in particular, by the creation of the MIB in 1970. In a comparatively brief period (1971-1980), it has assumed the crediting of 73 projects, granting 3.3 billion transfer rubles in loans. The estimated cost of the projects exceeds nine billion rubles.

The bulk of the MIB credit has been issued to develop fuel-energy and metallurgical industry, as well as other branches of the national economy which determine scientific and technical progress. Bank credits have been directed foremost into projects meeting the collective interests of MIB members, the goals of the international socialist division of labor, of production specialization and cooperation. The largest project, the basic determiner of MIB credit activity during 1971-1979, was the Soyuz gas pipeline. Uninterrupted crediting of that construction helped complete it quickly. Since early 1980, countries participating in the construction have received 15 billion cubic meters of gas through the pipeline, helping improve the structure of their fuel-energy balance.

In a greeting to the collectives of construction and installation organizations and to all participants in this construction, CPSU Central Committee General Secretary and USSR Supreme Soviet Presidium Chairman L. I. Brezhnev noted that "this ambitious construction project has become a convincing example of the development of new forms of cooperation among the socialist countries in solving pivotal economic problems on an equal, mutually advantageous basis."

MIB agreements with borrowers on financing the Soyuz gas pipeline are an example of actualization of the provisions of the Comprehensive Program on developing and perfecting the foreign exchange, financial and credit relations of CEMA member-nations.

Bank funds have also been directed into building and renovating such well-known enterprises as Tatra automotive plant in the Czechoslovak SSR, Ikarus automotive plant and projects to comprehensively develop aluminum industry in the Hungarian People's Republic, combines to produce heavy press equipment and agricultural machinery in the GDR, motorized equipment and chemical apparatus plants in the Polish People's Republic, bearing plants in the People's Republic of Bulgaria, a wool-washing plant in the Mongolian People's Republic, an isoprene rubber plant in the USSR, and other projects.

During the 10 years of MIB activity, 47 projects built using credit from it have been put into operation. CEMA member-nations have exported finished products totaling more than eight billion transfer rubles from these projects.

The bank has supplied the member-nations concerned with upwards of 90,000 trucks and buses, more than 240 million transfer rubles worth of heavy-duty, highly productive presses and press equipment, 857 million transfer rubles worth of various kinds of agricultural and processing machinery, 193 million transfer rubles worth of fabric, as well as a number of other goods.

The system of foreign exchange, financial and credit relations of CEMA member-nations as a whole which had taken shape by the 1980's was meeting the interests of planned economic cooperation, facilitating continuous calculations for all types of economic ties, broadening foreign trade turnover and protecting the national economy of CEMA member-nations from the growing crisis phenomena in the capitalist economy.

The conclusion can be drawn that the international socialist foreign exchange and financial system has reliably served all spheres of mutual CEMA member-nation cooperation during the years of implementation of the Comprehensive Program: material production, foreign trade, science and engineering, cultural and scientific exchange, and tourism. In the future, we will need to focus our attention on making the foreign exchange and financial system do more to facilitate resolving the planned pivotal tasks of cooperation, to meet mutual obligations, to provide joint large-scale projects with prompt, uninterrupted foreign exchange and financial services, as well as to meet the assignments stemming from implementation of the long-term target cooperation programs and coordinated plans of multilateral integration measures.

The task of perfecting the foreign exchange and financial mechanism based on use of the transfer ruble remains one of the pivotal, top-priority problems. The problem is to make the transfer ruble an increasingly common planning tool. This is facilitated by the very nature of the collective currency as foreign exchange called upon to serve the planned, consciously organized economic ties of CEMA member-nations.

A credit-calculation mechanism will also be needed in subsequent improvement, foremost along the line of improving credit planning, eliminating elements of automatism when granting MBES calculation credit, strengthening the cost-accounting role of bank interest to stimulate the involvement in foreign trade turnover of the commodity resources of countries helping ensure economic equilibrium in their payment relations and covering interest and profit amounts obtained by member-nations from the MBES and MIB with commodity resources, broadening the sphere of application of the transfer rubles in calculations with other countries.

With a view towards further developing MIB credit activity, and in particular, covering transfer-ruble credits with commodities, we need for CEMA member-nation planning agencies to anticipate and delineate in the national economic plans, long-term trade agreements and annual trade turnover protocols deliveries of machinery, equipment and materials for projects being credited in transfer rubles on the basis of credit-receiving countries' proposals agreed to by suppliers, taking into account bank credits as sources of payment for deliveries in accordance with the domestic systems of national economic planning and management. In this regard, consideration is given to the fact that CEMA member-nations, jointly with the MIB, will work out for a five-year period when coordinating their national economic plans a list of possible projects for crediting, which will be associated foremost with implementing the long-range terms of programs and measures on production specialization and cooperation, and other steps, for the purpose of drawing up MIB credit plans in transfer rubles.

This past decade has essentially been a major first stage in implementing the Comprehensive Program, including in the area of foreign exchange, financial and credit relations. It would be appropriate to continue creating conditions for carrying out steps to further expand the system of multilateral calculations with the help of the transfer ruble, foremost on the basis of developing multilateral budgeting of trade turnover among CEMA member-nations with consideration of measures being carried out

to intensify national economic plan coordination, develop international production specialization and cooperation, perfect the organization of foreign trade ties and strengthen the stimulant role of MIB credits.

Agencies of the Council for Economic Mutual Assistance are taking steps to improve foreign exchange, financial and credit relations and increase the role of the transfer ruble in solving pivotal problems of cooperation, the prompt and uninterrupted provision of joint projects and assignments stemming from the long-term target programs and coordinated plan of multilateral integration measures for 1981-1985 with monetary and material resources.

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AGRICULTURAL COOPERATION AMONG CEMA MEMBERS

Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 81 p 20

[Article by V. Polyakov: "Mutual Enrichment Through Experience"]

[Text] Indestructible friendship, mutual assistance, international solidarity.... These capacious and profound words were read by Soviet people with hope and enthusiasm in communiques on L. I. Brezhnev's meetings in the Crimea with leaders of the fraternal socialist countries. The CPSU Central Committee Politburo stressed, in evaluating the results of the meetings, that multiplying the ties of the countries of socialism in all fields is one important prerequisite to complete actualization of the creative tasks set the communist and worker parties by past congresses. Cooperation among the fraternal states has served and will serve to develop national economies and increase the national well-being of each country.

"Together with the flowering of each socialist nation and strengthening the sovereignty of the socialist states," L. I. Brezhnev said, "their interrelationships are becoming increasingly close, increasing elements of communality are arising in their policies, economies and social life, and there is a gradual leveling of levels of development. This process of gradual rapprochement of the nations of socialism is now quite definitely being manifested as a natural law."

We will not present data here on the giant movement forward of CEMA countries in industrial development. Our discussion will be on cooperation in the area of agriculture, on the influence of mutual exchange of scientific achievements and leading experience on this vitally important branch of the national economy.

In an effort to denigrate the successes of the socialist countries, bourgeois propaganda maintains that the cooperative path is less effective in agriculture as compared with the individual farm. History has long since refuted this lie. It is in fact the socialist countries which have achieved the greatest successes in developing agriculture, accepting without vacillation collective farming experience in the USSR, implementing in practice Lenin's cooperative plan and closely cooperating in using scientific and technical achievements. I should like to use as an example several socialist countries which have effected the changeover of agriculture to socialist tracks. Here are their indicators for grain production and crop yields [following page]:

Crop yields for the same countries for the same years were (in quintals per hectare) [following page]:

Grain and Legume Production Per Capita (in kilograms)

	1960	1970	1980
Bulgaria	638	815	869
Hungary	713	752	1,322
GDR	376	383	579
Czechoslovakia	430	509	709

Yields (quintals per hectare)

	1960	1970	1980
Bulgaria	19	30.3	35.9
Hungary	19.6	24.9	47.2
GDR	26.9	27.9	37.8
Czechoslovakia	22.6	27.3	40.5

In the Socialist Republic of Romania, grain yields per hectare nearly doubled as compared with 1970. Per capita grain production also increased substantially.

In terms of crop yield level, the socialist countries referred to have caught and, for a number of crops, surpassed the European capitalist states with traditionally high farming standards.

What has been achieved has been a result of the socialist system of management, of the concern of popular authority for strengthening the material-technical base of agriculture. Bulgaria, for example, has increased mineral fertilizer production (recalculated to 100-percent nutrients) from 36 kg in 1960 to 200 kg in 1980, Czechoslovakia -- from 95 to 335, the GDR -- from 188 to 340 and Romania -- from eight to 137 kg/ha. During this same period, the number of tractors and combines increased three- to four-fold and sufficiently skilled machine operators, specialists and socialist economy organizers were trained.

Finally, the significance of reciprocal cooperation and exchange of experience has been especially important in the changes accomplished. The role of selection and seed growing is well-known. The Soviet Union has transferred to the socialist countries the very latest varieties of wheat: Bezostaya, Kavkaz, Il'ichevka, Mironovskaya and others. Introduction of these varieties has signified an upsurge in the quality of grain farming, increasing wheat yields to 40-45 quintals per hectare. The next important stage in the cooperation is joint work on developing new varieties and hybrids. Seed growers of the CEMA countries, as a result of international and national testing, have recommended 350 new and improved varieties of plants for use, and they were quickly planted on 12.5 million hectares. Among them are a variety of winter rye developed by Polish seed growers, high-yield varieties of barley developed by GDR scientists, and new varieties of wheat and corn hybrids developed by scientists of the USSR, Hungary, Romania and Czechoslovakia.

Good cooperation results have been achieved in mechanizing agricultural production. Thus, the joint efforts of scientific-technical and production collectives of the GDR, USSR and Bulgaria have created one of the most improved beet-harvesting combines and machine builders of the GDR and Hungary have proposed a system of chemical plant protection machinery.

Scientific-technical cooperation in commercial poultry raising has taken on broad scope. One result was the creation of modern broiler production in CEMA countries. Scientists and production workers have cooperated in developing new species and hybrids of meat and egg poultry, developed the technology for raising broilers, designed a system of machinery for mechanizing poultry raising work and organized incubator production. As a consequence, egg production in CEMA countries increased from 43.8 billion in 1960 to nearly 100 billion in 1980, including from 27 to 68 billion in the USSR, from 1.8 to 4.7 billion in Hungary, from 3.5 to 5.2 billion in the GDR, from 0.6 to 2 billion in Cuba, and from 2.2 to 6.8 billion in Romania.

The experience accumulated has provided an opportunity to shift from solving individual problems to developing target food programs for periods of 10-15 years. Their effectiveness will depend in considerable measure on joint scientific research and planning-design activity. The CEMA Permanent Commission for Agriculture has worked out a plan for coordinating the resolution of scientific-technical tasks. The CEMA Ispolkom has created nine coordination centers headed by the leading scientific institutions of the community's countries. Coordination alone is inadequate, it goes without saying. It is important to use jointly all our scientific-technical potential to implement the integration programs.

Thus far, we have been speaking about cooperation at the level of planning and agricultural agencies and scientific institutions. But there is other cooperation on the "lower stories," that is, at the level of cooperatives and state farms, expert farmers and stockraisers. It is effected primarily by exchanging delegations, as well as with the assistance of the mass media. Are the reserves of such cooperation being fully used? We had occasion to discuss this question with farm leaders and leading production workers of Bulgaria, Hungary, the GDR, Czechoslovakia, Mongolia and Romania. They were unanimous that using leading experience could become yet another important reserve for increasing production and were chagrined to say that they were insufficiently familiar with practices on the best farms of the fraternal countries, of which there are many examples. Farm cooperation experience in the GDR is very interesting. Farms there cooperate in grass and potato seed-growing efforts, in raising purebred livestock and in building children's, cultural and personal-services institutions. However, little use is made of this experience in other countries.

At the same time, familiarity with experience at the farm level could be exceptionally useful. One example. Leaders of Prutskiy Sovkhoz in Moldavia, while in Hungary, familiarized themselves with the so-called dwarf gardens. Upon returning home, they decided to put in a commercial garden themselves using the new method. Their Hungarian friends gladly offered advice and sent experienced horticulturists to Moldavia. A 1,600-ha commercial garden was put in literally in two years. The sovkhov collective is obtaining apple harvests of up to 400 quintals per hectare. On the other hand, we know of many examples of leading USSR kolkhoz and sovkhov experience being used in Czechoslovakia, the GDR, Bulgaria, Hungary and other socialist countries.

The first thought usually expressed in meetings among practical workers is that there should be more exchange trips by leaders of cooperatives and state farms and leading production workers to study specific experience. As they say, it's better to see once than to hear five times. Which is true, of course. But it is not that simple to make those trips, considerable material expenditures being required. Consequently, we need to seek out other methods of exchanging experience where possible when expanding delegation exchanges.

As concerns the leaders of our country's kolkhozes and sovkhoses, they view expanding information in our newspapers and magazines on the experiences of the fraternal countries as one such opportunity. Thus, Viktor Fedorovich Isayev, chairman of the kolhoz imeni Gor'kiy, Moscow Oblast, considers it useful for newspapers and magazines to have special sections under the heading, let's say, "Read and Apply." In his opinion, newspapers must find a place for interesting reports on leading experience in fraternal countries and stories about introducing this experience.

Exhibits can play a definite role in this. In Leipzig, which holds annual agricultural exhibits, we talked with representatives of the directorate, farm leaders and specialists who had come to study experience. It is to the point to note here that the GDR has instituted the practice of familiarizing the leaders and chief specialists of all cooperatives and state farms with the exhibits. And they not only study materials on the exhibits, but also work out a plan for introducing interesting innovations and then report on fulfillment of that plan. Those with whom we spoke expressed the hope that exhibits by the fraternal countries would exchange literature on leading experience.

The experience of the fraternal countries is demonstrated at the USSR All-Union Exhibit of National Economic Achievements. I should like to show that using concrete examples. Suggestions by readers of our newspaper that republic exhibits have an "Experience of Fraternal Countries" section deserve attention.

In Leipzig, the hope was expressed in the conversations referred to earlier that special television programs propagandizing leading experience would be exchanged among farm leaders and specialists and all rural laborers.

The CEMA Ispolkom noted at its recent meeting the positive role of CEMA member-nation cooperation in developing agricultural production. In recent years, CEMA member-nations have systematically implemented a policy of intensifying agriculture, re-tooling it, land reclamation and chemization, with the extensive use of the results of economic, scientific and technical cooperation in the agroindustrial sphere in those countries.

It was noted that particular attention must be paid in cooperation in the field of agriculture to developing and introducing modern technologies in stockraising and plant growing, to reducing losses of agricultural output at all stages of its production, to better meeting the stockraising requirements of CEMA member-nations for feed protein, to intensifying the reciprocal exchange of leading experience in organizing agricultural production.

Expanding mutual cooperation is an important step en route to attaining the goals set us.

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USSR-EAST EUROPE BILATERAL TRADE

USSR-GDR ECONOMIC COOPERATION REVIEWED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 10, Oct 31 pp 110-114

[Article by N. Baturin: "Economic Cooperation Among Socialist Countries: USSR and GDR"]

[Text] The party's strategic directives for the 1980's as defined by the 26th CPSU Congress orient us towards accelerated transition of the USSR economy to an intensive path of development. This same direction, which objectively meets the conditions of socialist management at the present stage, has also been adopted by other fraternal parties. As L. I. Brezhnev noted at the 26th CPSU Congress, we are faced with transforming the next "two five-year plans into a period of intensive production, scientific and technical cooperation among the nations of socialism."

Reliance is being placed on perfecting such forms and methods of CEMA member-nation cooperation as exchanging planning and management experience, developing direct ties between ministries, associations and enterprises of the socialist states, forming joint economic organizations, and others. The interrelations of CEMA countries built on socialist principles facilitate the creation of conditions favorable to resolving socioeconomic tasks, developing productive forces and steadily developing the national economies.

The results of implementing the "Comprehensive Program of Socialist Economic Integration" were evaluated positively at the 35th session of the Council of Economic Mutual Assistance. The forms of CEMA-country cooperation have been enriched and their scope has been expanded over the past decade. Reciprocal trade turnover has increased 3.3-fold, to 121 billion rubles in 1980. Trade turnover between the Soviet Union and other CEMA countries was 45.7 billion rubles this past year, or 38 percent of CEMA-country reciprocal trade turnover.

The German Democratic Republic has invariably led in trade turnover volume in Soviet foreign trade; in turn, the USSR is the GDR's main trading partner. Trade turnover volume between the two countries was 9.2 billion rubles in 1980, a 2.8-fold increase (in current prices) from 1970.

Deliveries of fuel, raw and other materials, comprising about 70 percent of USSR exports to the GDR, are the greatest percentage of foreign trade turnover between these

¹"Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, Izd-vo Politizdat, 1981, p 7.

countries. Over the last five years, more than 88 million tons of petroleum, 21.6 m³ of natural gas, nearly 21 million tons of anthracite, about 16 million tons of rolled ferrous metal, 425,000 tons of cotton and large amounts of nonferrous metal, lumber, cellulose, asbestos and other raw and other materials were exported to the GDR under long-term obligations. The GDR met 87 percent of its 1980 import requirement for petroleum, 100 percent for natural gas, 78 percent for rolled metal and 88 percent for cotton through Soviet deliveries.

Machinery, industrial equipment and instruments occupy a significant place in Soviet trade turnover, comprising nearly one-fifth last year. Soviet deliveries accounted for upwards of 18 percent of total GDR machinery and equipment imports. Power equipment, machine tools, construction and roadbuilding machinery, diesel locomotives, passenger cars and trucks, tractors and electronic instruments predominated. Very large, technically sophisticated thermal and nuclear power plants have been and are being built in the GDR with the technical assistance of the Soviet Union; in 1980, 43 percent of all the electric power produced was generated at plants already put into operation.

For its part, the GDR is also a major supplier of machine tools, forging-pressing equipment, rolling, chemical and petrochemical equipment, cranes, rail cars, ships, equipment for light, food and printing industry, instrumentation, control and calculating devices to the USSR. The GDR accounts for about one-fifth of these items imported by the USSR from all countries. Several types occupy a leading place in imports of corresponding equipment to the Soviet Union, as, for example, 65 percent of its imports of oil refinery equipment, 88 percent of its passenger car imports, 62 percent of its imports of cranes, 40 percent of its imports of printing presses, 42 percent of its imports of agricultural machinery and equipment (1980 data). Deliveries of certain chemicals, consumer goods, garments, furniture, lamps and other products also play a considerable role in Soviet imports from the GDR.

The high reciprocal trade turnover volumes increase the importance of the technical level and quality of the items supplied. Thus, steps being taken in CEMA countries in this area not only influence the technical level of goods they produce themselves, but also facilitate raising that level in the fraternal countries. In each five-year period, trade turnover is determined for the most part when coordinating state plans. However, economic interaction has long since gone beyond the framework of direct foreign trade operations, to encompass the spheres of planning activity, science, engineering, production, transport and other branches of the national economy. Direct ties are being developed among ministries and departments, scientific research institutes, enterprises and organizations of partner countries.

The Intergovernmental Commission for Economic, Scientific and Technical Cooperation, which marked its 15th year of activity in 1981, plays an organizing role in direct cooperation among ministries and departments of the USSR and GDR. Upwards of 50 ministries and departments of the USSR and about 30 of the GDR maintain contacts on the basis of more than 100 intergovernmental and interdepartmental agreements. These agreements anticipate the resolution of specific scientific-technical and economic problems of interest to the national economies of both countries. In particular, they include: developing new products and progressive technological processes, increasing production capacities for producing output in short supply, specialization and cooperation, and consolidating series production. The cooperation is generally comprehensive in nature, encompassing scientific and technical research, planning development and organizing series production and reciprocal deliveries of output.

The primary goal to which these agreements and all Intergovernmental Commission activity are subordinated is to achieve the highest production efficiency and product quality with a view towards best meeting the requirements of the national economy of the cooperating countries and, in the end, towards increasing the well-being of the peoples of both countries. During its existence, this commission has successfully implemented a number of forms of cooperation, some of which were developed by it for the first time and first justified themselves in practice under it.

The joint use of scientific and technical potential in their mutual interests is of most important significance in the economic relations of these countries. Combining the efforts and funds spent on scientific and technical developments sharply reduces the time involved in such development and enables us to avoid unnecessary parallelism and, in some instances, to achieve results which could not have been obtained in the foreseeable future under other conditions.

At the 9th SEPG [Socialist Unity Party of Germany] Congress in 1976, E. Honecker noted that at least 80 percent of the state plan for GDR scientific and technical development was being implemented with the cooperation of the Soviet Union. Such an interweaving of mental potentials for the good of both our countries was unknown at that time. In particular, he stressed, the GDR was gaining access to the main sources of the achievements of the scientific and technical revolution.

The activity of joint groups of research specialists and planners from both countries in the form of mixed collectives to resolve tasks stemming from the agreements turned out to be very fruitful. The positive experience, scientific-technical projects begun and organizational work methods of the national institutes and enterprises provide an opportunity to resolve these tasks quickly and with good technical results.

The first such groups were created when chemical processes and installations were being developed jointly, the practice then spreading to other fields. As a result of this combining of efforts, pilot and industrial installations were created and put into operation comparatively quickly in both countries and new technological processes the equal of world achievements at the highest levels, or surpassing them in a number of instances, were introduced into production.

One of the first such projects, the Polimir-50 facility to produce 50,000 tons of high-pressure polyethylene a year, was built in Novopolotsk on the basis of a plan, technology and equipment developed jointly. Institutes, planning organizations and plants of the Soviet Union and the GDR participated in its development. In 1974, the facility was put into operation; at that time, it surpassed similar facilities in terms of technical-economic indicators, including ones acquired in the capitalist countries. Salzgitter (FRG) purchased a license for it. In 1979, an identical facility was built in the GDR, with the same cooperation on producing the equipment.

A plant in Freital (GDR) operates unique facilities, plasma steel smelters in which high-quality steel is smelted using an inert gas plasma. One great advantage of such furnaces is that alloy steels are obtained with minimum losses of expensive aftercharge, electricity is saved and service conditions are better (none of the noise characteristic of arc furnaces). The experience and technical successes of the Soviet Union and the GDR have enabled them to build and put into operation a 10-ton plasma furnace in 1973 and a 30-ton furnace in 1977, the latter the best in the world technically.

Positive results have been obtained in the field of microelectronics and electrical machinebuilding as a result of USSR-GDR cooperation. The A-4 electric motor series jointly developed and in production now, for example, possesses good specifications which permit a significant reduction in production materials-intensiveness and higher labor productivity.

Pilot industrial installations to produce cementless silicate brick construction elements have been built in Grodno (USSR) and Hetchendorf (GDR). The technology and equipment for them, which substantially reduces production expenditures, were developed as a result of cooperation by both countries.

The joint renovation of enterprises in the USSR and GDR has been effective, ensuring an increase in production volume by updating technology and equipment. The advantages of international specialization and cooperation have been displayed in this area of cooperation. Under agreements concluded within the Intergovernmental Commission framework, fittings, electrical engineering and furniture enterprises of both countries have been renovated. Similarly specialized enterprises in the USSR and GDR producing scarce products are being renovated, each using the funds of both countries, but based on coordinated plans which take into account the achievements of world technology and the experience of the partners. We have also agreed on the technical parameters of the items these enterprises will produce. Division of the production program products list among them will permit consolidation of series production and the use of more progressive technology. In the course of the renovation, the parties help each other, supplying certain machines and attachments and introducing new technological processes. The activity is coordinated by a council of representatives of both parties, created on parity principles.

The production of scarce output has been more than doubled and cooperative deliveries have been set up between both countries as a result of the joint renovation of fittings plants in Penza and Magdeburg.

According to calculations, cooperation with Soviet electric motor building plants, given the current renovation of Sachsenwerk electric motor plant in Dresden, has permitted a reduction in capital investment expenditures, which account for one mark of annual output increment, from 3.7 marks to two marks; the release of large and medium-sized motors at this plant will be nearly doubled as a result of the renovation, without enlisting additional manpower.

One method of cooperation is the mutual use by both countries of the technological experience of enterprises producing output of the same kind. Joint brigades of specialists and production innovators from cooperating enterprises analyze technological processes and work out optimum variants based on leading experience and with consideration of world achievements. This method has provided good results at enterprises of chemical, textile, garment and food industry.

In several branches of USSR and GDR industry joint economic organizations operate. For example, the tasks of the joint Assofoto organization include helping efficiently plan and organize production in photochemical industry in both countries. The Domo-khim organization performs similar functions in the area of household chemistry.

There has been successful cooperation in the area of agriculture and agricultural machinebuilding. High-yield crop seed and purebred livestock are being exchanged.

Thus, upwards of 60 percent of the area sown to spring wheat in the GDR uses Soviet wheat seed and varieties derived from it, and the Soviet Union is successfully using rye and vegetable seed developed in the GDR. The seed exchange has provided a significant increment in crop yields. Stockraising complexes are being built from the same plans in both countries. Specialists of both countries have developed a highly productive beet harvester, the KS-6, which is being produced in the Soviet Union on a cooperative basis with the GDR and Bulgaria. Its extensive use on the beet farms of our countries will permit the mechanization of one of the most labor-intensive operations in beet growing and a sharp rise in labor productivity and beet yields.

The bilateral economic cooperation of our countries is inseparably linked to multilateral interaction within the Council of Economic Mutual Assistance framework. The GDR participates actively in implementing the long-range target cooperation programs of CEMA member-nations, in multilateral production specialization and cooperation, in building fuel, raw material and other industrial projects in the USSR and other CEMA countries, and in the activity of the Committee on Planning Questions and other multilateral organizations. The highly developed industry of the GDR, especially machine-building and chemical industry, provides the republic with an opportunity to make a significant contribution to resolving economic tasks facing CEMA countries in the long-range target cooperation programs.

The USSR-GDR Treaty of Friendship, Cooperation and Mutual Assistance signed on 7 October 1975 expresses their firm resolve to strengthen and broaden mutually advantageous bilateral and multilateral economic, scientific and technical cooperation, including that within the Council for Economic Mutual Assistance framework. The cooperation results achieved by our countries this past period testify to its fruitfulness and great potential for positively affecting the economies of both countries. E. Honecker noted in the report at the 10th SEPG Congress that deepening fraternal socialist cooperation with the Soviet Union and other member-nations of the Council for Economic Mutual Assistance has been and remains the firm foundation for the stability and dynamism of our economic progress.

Present conditions dictate the necessity for a decisive turning of the socialist economy towards a path of intensive development. The importance of cooperation among the fraternal countries as a source of heightening production efficiency and increasing the might of the socialist communities has increased even more.

In October 1979, a USSR-GDR Program of Production Specialization and Cooperation Up To 1990 was signed in Berlin. It was worked out in accordance with an agreement reached by L. I. Brezhnev and E. Honecker during their meeting in the Crimea in July 1977. The program is called upon to raise economic cooperation between our countries to a new and higher level. In preparing the program, the parties were governed by the Communist Party of the Soviet Union and Socialist Unity Party of Germany policy of developing close political and economic cooperation, of rapprochement of both countries on the basis of the principles of socialist internationalism. In describing the content of the program, L. I. Brezhnev said, at a festive Berlin meeting devoted to the 30th anniversary of the creation of the GDR: "Briefly put, its essence is as follows: we are combining each other's resources and production potential everywhere it is possible and useful to do so, in order to more successfully solve the very complex problems of economic development."¹

¹PRAVDA, 7 October 1979.

The measures outlined in the program rely on the considerable positive experience accumulated in the course of cooperation between the two countries and within the CEMA framework as a whole. It creates a unified concept of long-term economic interaction with the goal of resolving the most important tasks of national economic development. Program fulfillment is closely linked to implementation of the long-term CEMA target cooperation programs.

The fact that it is a 10-year program will enable us to complete within its framework comprehensive measures which will encompass the development of new products and technological processes, their introduction into production and setting up their exchange. An efficient combination of the scientific and technical potentials of the USSR and GDR must ensure the development of new machines, instruments and technologies which will meet the highest technical level in the world and enable us to improve labor productivity and the level of production process automation, to increase production volume and improve the quality of consumer goods. It is especially urgent that we develop the latest in microelectronics, robots and manipulators, technological processes and installations for chemical and petrochemical industry, highly processed items for metallurgy, chemistry and other branches, highly productive machinery and units for raw material extraction and processing, as well as highly economical power facilities. The development and introduction of unified, progressive standards and norms will become an important prerequisite to raising the technical level of production.

One of the basic problems today is raw material and energy supplies. The CEMA countries are solving it jointly on the basis of a long-term target program of cooperation in supplying energy, raw material and fuel. The USSR and GDR are participating actively in implementing this target program, using various forms of bilateral cooperation. Efforts are being made to use raw material and fuel efficiently and economically on a base of efficient, modern technologies and equipment in the extractive and processing branches of industry. The 26th CPSU Congress and 10th SEPG Congress pointed out this path, which opens up very broad possibilities of solving the raw material problem effectively.

The report on the results of coordinating USSR and GDR 1981-1985 state plans and the long-term trade agreement for that period signed on its basis anticipate the continued development of economic ties. The measures agreed to are viewed by the parties as a significant step forward en route towards implementing the Production Specialization and Cooperation Program for the period up to 1990. Under the agreement, trade turnover between the USSR and GDR in 1981-1985 is to reach 58 billion rubles. As the parties have noted, the agreed-to reciprocal deliveries of goods are of great importance to the stable development of the GDR national economy and to resolving important economic questions in the Soviet Union. Reciprocal deliveries of machinebuilding, electrical engineering, electronics and chemical products facilitate accelerating the rates of scientific and technical progress, of intensifying production and making it more efficient, in both countries. The number of items to be delivered as a result of cooperation between our countries in the area of scientific-technical research and production is being increased.

Soviet deliveries of raw material and fuel will, as before, occupy a decisive place in imports of these goods by the GDR. This five-year period, the GDR will receive large amounts of petroleum, natural gas, rolled steel, aluminum, cellulose, cotton, iron ore, nonferrous metals, lumber, paper and other raw materials from the USSR at

prices below current world prices. For its part, the German Democratic Republic will help develop the fuel and raw material branches of Soviet industry by delivering highly productive machinery and equipment, including strip-mining, metallurgical, petrochemical and chemical equipment.

Inasmuch as the GDR has traditionally been among the most important suppliers of equipment for textile, light, food and printing-publishing industry, cooperation between our countries will facilitate expansion of consumer goods production in the Soviet Union. And the exchange of certain consumer goods between our countries will play an appreciable role in consumer goods supplies.

The results of USSR and GDR 1981-1985 state plan coordination laid the foundation for continued development of economic relations between both countries and for improving their effectiveness. As N. A. Tikhonov noted at the 26th CPSU Congress, closer mutual cooperation and improved coordination of our national economic plans with the plans of other countries are an important means of strengthening the positions of socialism in the world economy, of protecting the socialist CEMA countries from the influence of unfavorable tendencies being manifested in the world capitalist economy.¹

Deepening socialist economic integration and enlisting a large number of CEMA-country ministries, associations, enterprises and institutes in direct cooperation unescapably places on the agenda the question of coordinating their economic policy as a whole, including drawing economic mechanism structures closer to one another and finding improved forms of economic ties in all their breadth and diversity. Successful actualization of the USSR-GDR Program of Production Specialization and Cooperation Up To 1990 assumes the active, creative work of all departments and enterprises participating in it and demands a responsible approach to meeting mutual obligations and finding optimum resolutions for each national economic problem.

Implementation of the plans outlined for the forthcoming period which stem from the resolutions of the 26th CPSU Congress and 10th SEPG Congress opens up new horizons in developing comprehensive cooperation between the USSR and GDR, as was emphasized at the meeting between L. I. Brezhnev and E. Honecker in the Crimea in August 1981. The course charted meets the fundamental interests of our countries and peoples.

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¹See: "Materialy XXVI s"yezda KPSS," p 122.

BRIEFS

FINNS BUILDING ELECTRONICS FACTORY--On Wednesday the Lemminkainen Company signed an agreement with the Soviet foreign trade organization, V/O Soyuznestroimport, for the delivery of an electronic plant to Tashkent in the Soviet Union. The value of the agreement is approximately 160 million markkas and the deliveries will take place in 1982 and 1983. According to the agreement this trade deal involves construction work on three separate industrial facilities complete with equipment. The facilities will be located next to each other and will form an operational entity. Their total surface area will cover approximately 80,000 square meters and will encompass a space of approximately 650,000 cubic meters. The delivery will also include the complete plans of the site on the basis of the technical specifications compiled by the client. The transporting of materials to the Soviet Union will require more than 1,000 railroad cars. In addition to people employed in Lemminkainen's own production plants, this order will employ numerous domestic subcontractors. This agreement is a direct continuation of the agreement concluded in June, according to which Lemminkainen will deliver more than 30 million markkas' worth of production plants to the Y. O. Paton Electrical Welding Institute in Kiev. [Text] [Helsinki UUSI SUOMI in Finnish 3 Dec 81 p 17] 10576

FINNISH FIRM SUPPLYING CABLES--Today the Nokia Cable Plant signed an agreement for the exporting of approximately 400 million markkas' worth of cable products to the Soviet Union. In addition, other agreements will be signed today between Finnish enterprises and Soviet purchasing associations: among other things, a billion-markka transaction for eight ships to be delivered to the Soviet Union. In addition to the order for cable products, it is also expected that the Nokia Cable Plant will receive orders for other metal products to be delivered to the Soviet Union. [Text] [Helsinki UUSI SUOMI in Finnish 3 Dec 81 p 17] 10576

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